

Message Text

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TAGS: ECON, EINV, EPAP, PO

SUBJECT: GOVERNMENT REAFFIRMATION OF SUPPORT TO
FOREIGN INVESTMENT AND PRIVATE SECTOR

1. SYMBOLIC ACT: IN A SYMBOLIC ACT AFFIRMING GOVERNMENT SUPPORT AND ENCOURAGEMENT OF FOREIGN INVESTMENT AND THE PRIVATE SECTOR, THREE MINISTERS, A SECRETARY OF STATE, AND THE GOVERNOR OF THE BANK OF PORTUGAL PARTICIPATED IN THE SEPTEMBER 18 INAUGURATION CEREMONIES OF A BRITISH-OWNED TEXTILE PLANT IN PORTALEGRE. THE OFFICIALS PRESENT WERE: INDUSTRY AND TECHNOLOGY MINISTER WALTER ROSA, LABOR MINISTER MARCELLO CURTO, PLANNING AND ECONOMIC COORDINATION MINISTER SOUSA GOMES, SECRETARY OF STATE FOR PLANNING MARIA MANUELA DA SILVA, AND BANK OF PORTUGAL GOVERNOR SILVA LOPES.

2. MINISTER'S STATEMENTS: MINISTER WALTER ROSA, IN THE CEREMONY'S KEYNOTE SPEECH:

--INVITED FOREIGN INVESTMENT. "PORTUGAL IS OPEN TO
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FOREIGN INVESTMENT THAT WANTS TO COME HERE AND WORK IN

PEACE WITH US, AND WHICH AIDS THE ECONOMIC DEVELOPMENT OF THIS COUNTRY... THE ENTRY OF (INVESTMENT) CAPITAL IS PREFERRED TO THE EXPATRIATION OF LABOR."

--EMPHASIZED IMPORTANCE OF ADVANCED TECHNOLOGY BROUGHT IN BY FOREIGN INVESTMENT. "THIS ASSOCIATION BETWEEN FINICISA AND ICI IS TO BE CONGRATULATED. THE CAPITAL, TECHNOLOGY, AND EXPERIENCE HERE ASSOCIATED IS AN EXAMPLE OF WHAT INTERNATIONAL COOPERATION BASED ON MUTUAL INTEREST CAN ACCOMPLISH...THE FUTURE INTEGRATION OF PORTUGAL INTO EUROPE AND WORLD MARKETS CALL FOR...TECHNOLOGICAL QUALITY."

--STRESSED IMPORTANCE OF PRIVATE SECTOR. "THE ECONOMIC EQUILIBRIUM OF THE PRIVATE SECTOR IS ESSENTIAL TO THE COUNTRY. THE COUNTRY NEEDS AND SEEKS PRIVATE SECTOR INVESTMENT AS MUCH AS PUBLIC SECTOR INVESTMENT IN THE BASE INDUSTRIES."

--IDENTIFIED NATIONAL INVESTMENT PRIORITIES. PREFERENTIAL CREDIT AND INVESTMENT POLICIES WILL BE INSTITUTED TO BENEFIT"...THE FOOD INDUSTRY, TEXTILES, THE CONSTRUCTION MATERIAL INDUSTRY (AND OBVIOUSLY CIVIL CONSTRUCTION ITSELF), BASE INDUSTRIES, AND EXPORT INDUSTRIES IN GENERAL."

3. TEXTILE FACTORY: THE CEREMONY CELEBRATED THE NEW EXPANSION OF FINICISA, A SUBSIDIARY OF BRITISH ICI. POST-APRIL 25, 1974, INVESTMENTS OF APPROXIMATELY \$13 MILLION BOOSTED ITS MANUFACTURING CAPACITY OF POLYESTER FIBER FROM 3000 TONS TO 20,000 TONS PER YEAR. AS A RESULT, FINICISA IS NOW ABLE NOT ONLY TO MEET ALL NATIONAL DEMAND FOR THE FIBER-- SAVING PORTUGAL AS ESTIMATED \$30 MILLION ANNUALLY IN IMPORTS--BUT ALSO TO EXPORT. IT EMPLOYS ABOUT 300 WORKERS.

4. COMMENT: THIS WELL-PUBLICIZED HIGH LEVEL VISIT WAS CLEARLY MEANT TO SIGNAL GOP SUPPORT FOR THE PRIVATE SECTOR, BOTH FOREIGN AND DOMESTIC. IT IS THE FIRST TIME IN MEMORY THAT A HIGH LEVEL GOP DELEGATION OPENLY VISITED A PRIVATE FIRM. THIS GESTURE, CLEARLY DEMONSTRATING CHANGING PORTUGUESE ATTITUDES, SHOULD CERTAINLY HELP RESTORE PRIVATE CONFIDENCE.

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